



Workers' Compensation Loss Control

2004 Certification in Risk Management; Cedar City, Utah

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Workers' Compensation

- Workers' Compensation insurance is a “no fault system” covering injuries and occupational diseases to employees which occur “by accident arising out of and in the course of employment.”



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Controlling Workers' Compensation Costs

What is the KEY to control workers' compensation insurance costs?

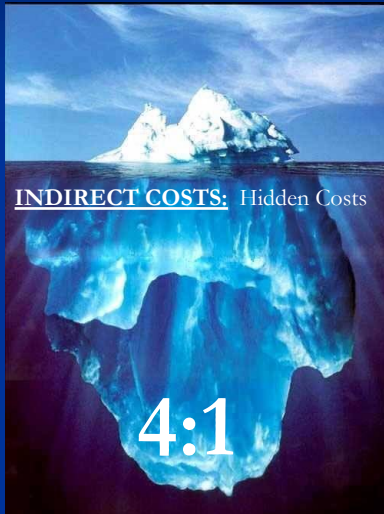
YOU!



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What Costs are Involved?

DIRECT COSTS: Readily Measurable



- Medical
- Hospital
- Indemnity
- Insurance Premiums
- Production loss/Worker distraction
- Training Costs to replace worker
- Equipment damage
- Loss of morale
- Paperwork
- Administrative time
- Possible legal issues
- Increase in premiums

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Insurance Premiums

Experience Modifier that was calculated by the
National Council on Compensation Insurance
W.C. losses (costs) and injury history for past 3 years = E-Mod.

For 2004 the e-mod will be based 2000, 2001, and 2002

1.00 is average for a classification

$\$10,000 * 1.00 \text{ e-mod} = \$10,000$

>1.00 for a classification

$\$10,000 * 1.25 \text{ e-mod} = \$12,500$

<1.00 for a classification

$\$10,000 * 0.75 \text{ e-mod} = \$7,500$

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N.C.C.I.

“Since experience rating offers the prospect of a premium reduction, it provides incentive for employers to develop safety programs and accident prevention procedures.”



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Loss Control

Part 1 of 2

Safety + Loss Prevention = \$ SAVED



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Safety/Loss Prevention Programs

- 1) Publish a safety policy.
 - A) Management Support and Commitment to Safety.
 - B) Objectives for the safety program.
- 2) Assign responsibility of safety.
 - A) Each location needs a safety coordinator.
 - B) Authority to make safety decisions.
- 3) Develop workplace rules and procedures.
 - A) Procedures for job tasks.
 - B) Incident Reporting.
 - C) Post Rules and Procedures



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Safety/Loss Prevention Programs

- 4) Training Programs.
 - A) New employee orientations.
 - B) Training for all employees.
- 5) Frequent Safety Inspections.
 - A) Identify Hazards.
 - B) Unsafe acts and conditions.
- 6) Investigate all Incidents.
 - A) Determine incident cause.
 - B) Involvement
 - C) Corrective Actions.



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Safety/Loss Prevention Programs

- 7) Employee Involvement.
 - A) Open to suggestions.
 - B) Incentive Programs.
 - C) Safety/Accident Committees.
- 8) Comply with regulatory issues.
 - A) OSHA standards
 - B) MSHA standards
 - C) Fire Safety Codes
 - D) EPA



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Controlling Losses

Part 2 of 2

1) Timely Reporting and Investigation

- A) Employee Reporting.
- B) Incident Reports.
- C) Supervisor Reporting.
- D) Insurance Coordinator Reporting.
- E) Fraudulent Claims.



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Controlling Losses

2) Develop a transitional duty program.

An individual at a company has an incident. Medical services are provided to and the medical costs come to \$5,000. He is released to a transitional duty position. Company ABC has transitional duty, but Company XYZ does NOT, so their employee is sent home until release for full duty.

	<u>ABC</u>	<u>XYZ</u>
Medical Costs:	\$5,000	\$5,000
Indemnity Costs:	\$0.00	\$2,800
TOTAL COSTS:	\$5,000	\$7,800
NCCI Discount:	70%	0.00%
Costs used for E-MOD	\$1,500	\$7,800

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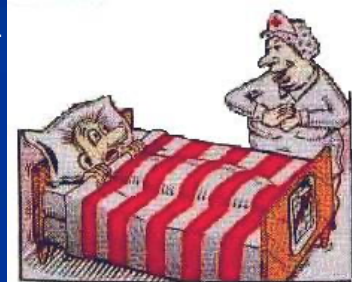
Controlling Losses

3) Designate a physician or clinic.

- A) Meet with the clinic to inform about policies.
- B) Ask them to visit your work.
- C) Accompany injured employees.
- D) Keep in contact.

4) Develop Loss Run Reports

- A) Awareness on loss costs.
- B) Supervisor performance review.
- C) Problem areas.
- D) Keep names private.



I'm sorry, Mr. Jones, but your HMO does not cover enemas. So I'm going to have to slap the crap outta you.

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Workers' Compensation Loss Control

*Document
Everything*

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On the Road to Controlling Costs



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